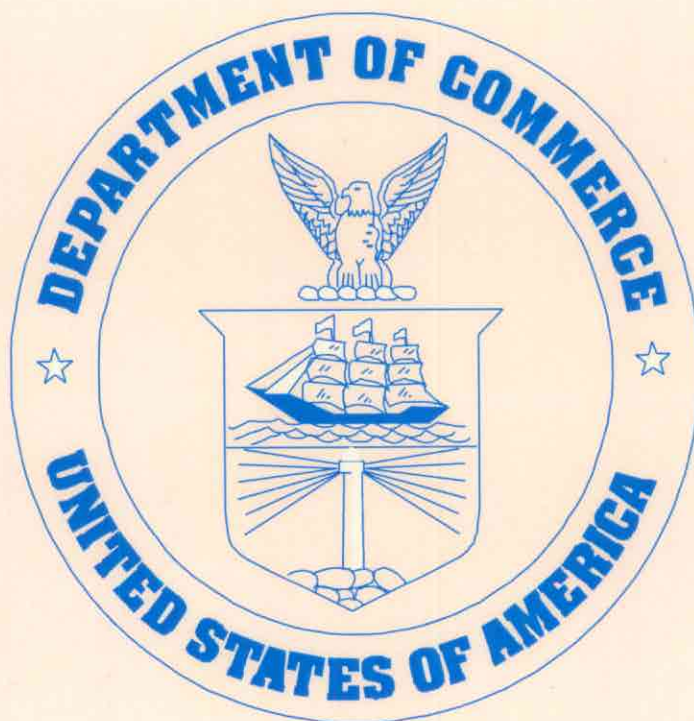


# THE ROLE OF SMALL & MEDIUM-SIZED ENTERPRISES IN EXPORTS TO CHINA

Results from the 1997 Exporter Data Base



U.S. DEPARTMENT OF COMMERCE  
International Trade Administration  
Trade Development  
Office of Trade and Economic Analysis  
January 2000

## SMALL AND MEDIUM-SIZED ENTERPRISES PLAY A KEY ROLE IN EXPORTS TO CHINA

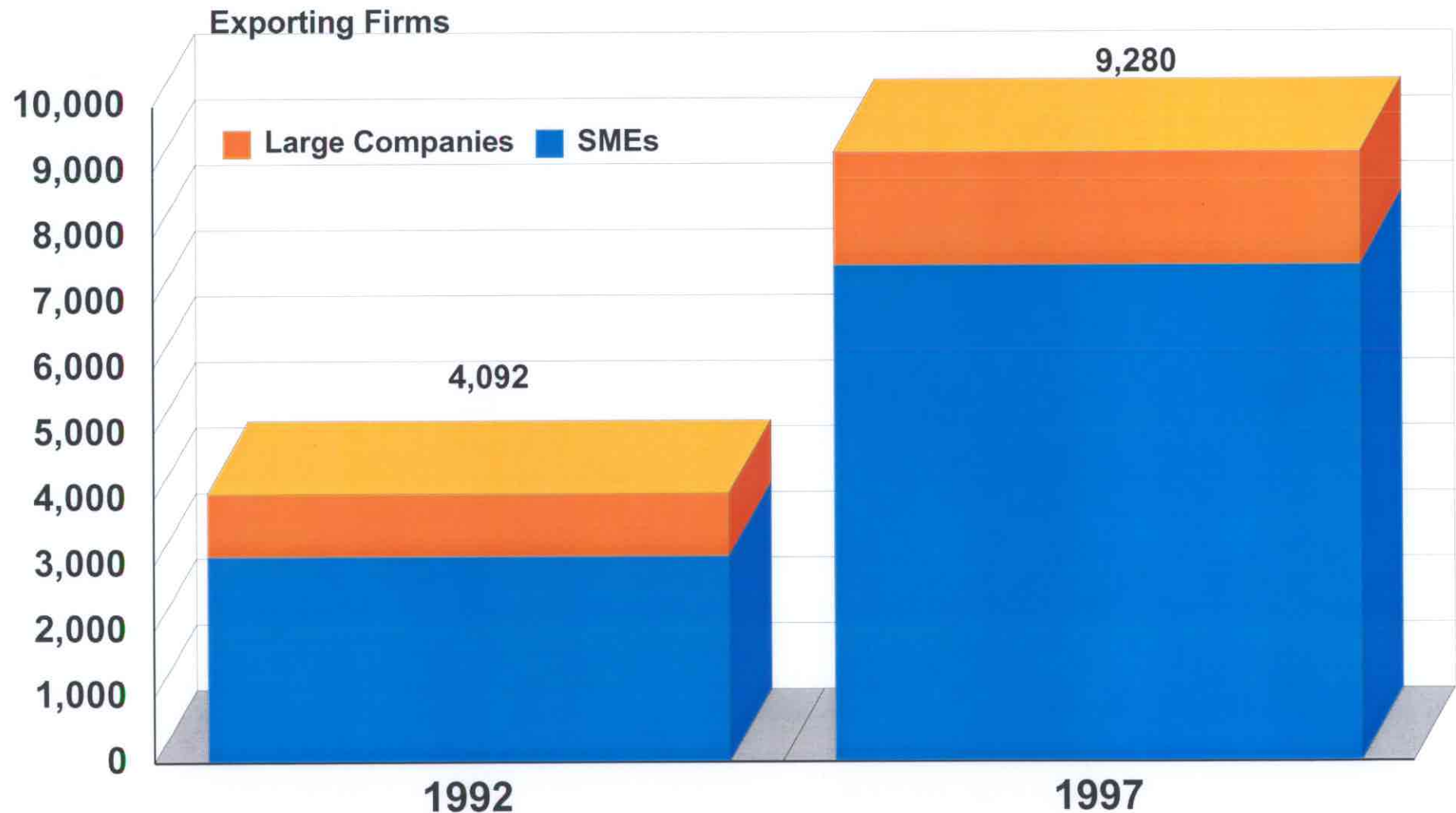
- **A total of 9,280 U.S. firms are known to have exported merchandise to China in 1997—the last year for which data are available.** This is more than double the number in 1992, when 4,092 firms exported to China.
- **Twenty-four states had over 100 companies that exported to China in 1997.**
  - The states with the most exporters to China were California (2,752), New York (954), Illinois (769), Texas (672), and New Jersey (566).
  - In 39 states, small and medium-sized enterprises (SMEs) made up over half of all exporters to the China market.
- **A dominant and growing share of U.S. exporters to China are small and medium-sized enterprises.** Eighty-two percent of all U.S. exporters to China in 1997 were SMEs. This is up significantly from 1992, when 77 percent of exporters to the China market were SMEs.
- **The number of known SME exporters to China in 1997 totaled 7,564—up from 3,143 SMEs in 1992.**
- **The number of SMEs exporting to China has been rising much faster than the number of large companies.** From 1992 to 1997 the number of SMEs exporting to China surged by 141 percent, compared to 81 percent for large-company exporters.
- **Over the 1992-97 period, the number of SMEs exporting to China rose faster than the number of SMEs exporting to any other major market.**
- **SMEs are responsible for a growing share of U.S. exports to China.**
  - In 1997, SMEs generated 35.1 percent—over one-third—of all U.S. merchandise exports to China. This is up significantly from a 27.6 percent share in 1992.
  - Also, the 35.1 percent SME share of the China market in 1997 was higher than the SME share of overall U.S. merchandise exports (30.6 percent) in that year.
- **China is a significant and growing market for SMEs.**
  - In 1997, China was the 10<sup>th</sup> largest export market for SMEs, up from 12<sup>th</sup> place in 1992.
  - From 1992 to 1997 the value of SME exports to China more than doubled, rising by 107 percent. Among SMEs, only exports to Brazil (291 percent increase) and Malaysia (224 percent) grew faster.
  - Measurable SME exports to China rose by nearly \$2 billion during 1992-97—the eighth largest gain posted by SMEs to any market.

*Note: Data covers exporters of goods only. Includes service companies that export goods, but excludes service companies that export only services. Encompasses firms that had at least one export shipment valued at \$2,500 or more. All statistics refer to companies, not establishments or locations.*

*Source: Exporter Data Base, U.S. Department of Commerce and Small Business Administration.*

*Prepared by: Office of Trade and Economic Analysis, Trade Development/ITA, U.S. Department of Commerce*

# THE NUMBER OF SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs) THAT EXPORT TO CHINA SURGED FROM 1992 TO 1997



Notes: *Small and medium-sized enterprises have less than 500 employees. Large enterprises have 500 or more employees.*

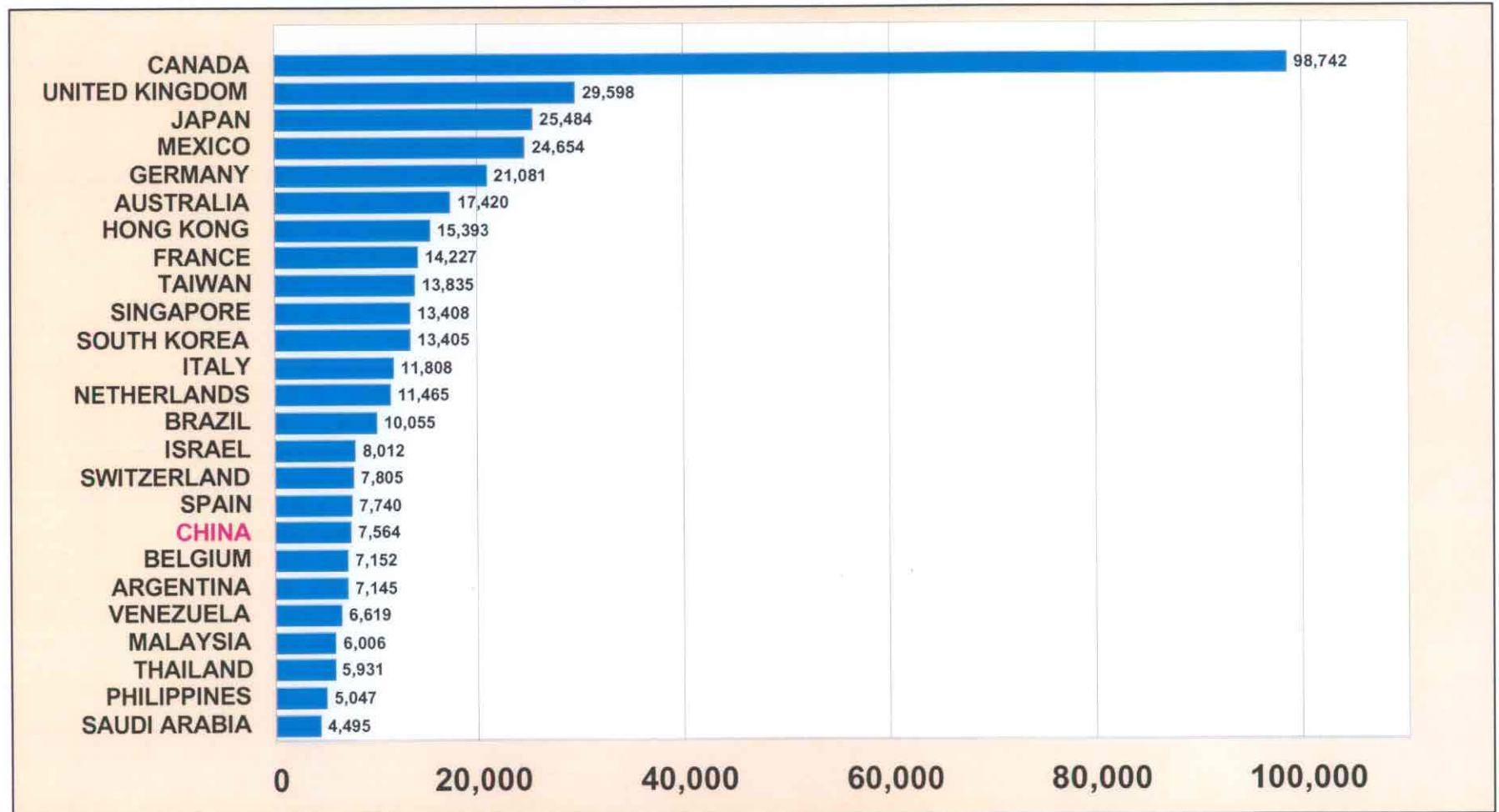
Source: 1992 & 1997 Exporter Data Base, U.S. Department of Commerce and Small Business Administration.

Prepared by: Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce.



# NEARLY 7,600 SMALL AND MEDIUM-SIZED COMPANIES EXPORTED TO CHINA IN 1997

Number of Small & Medium-Sized Companies Exporting To Top 25 U.S. Export Markets, 1997



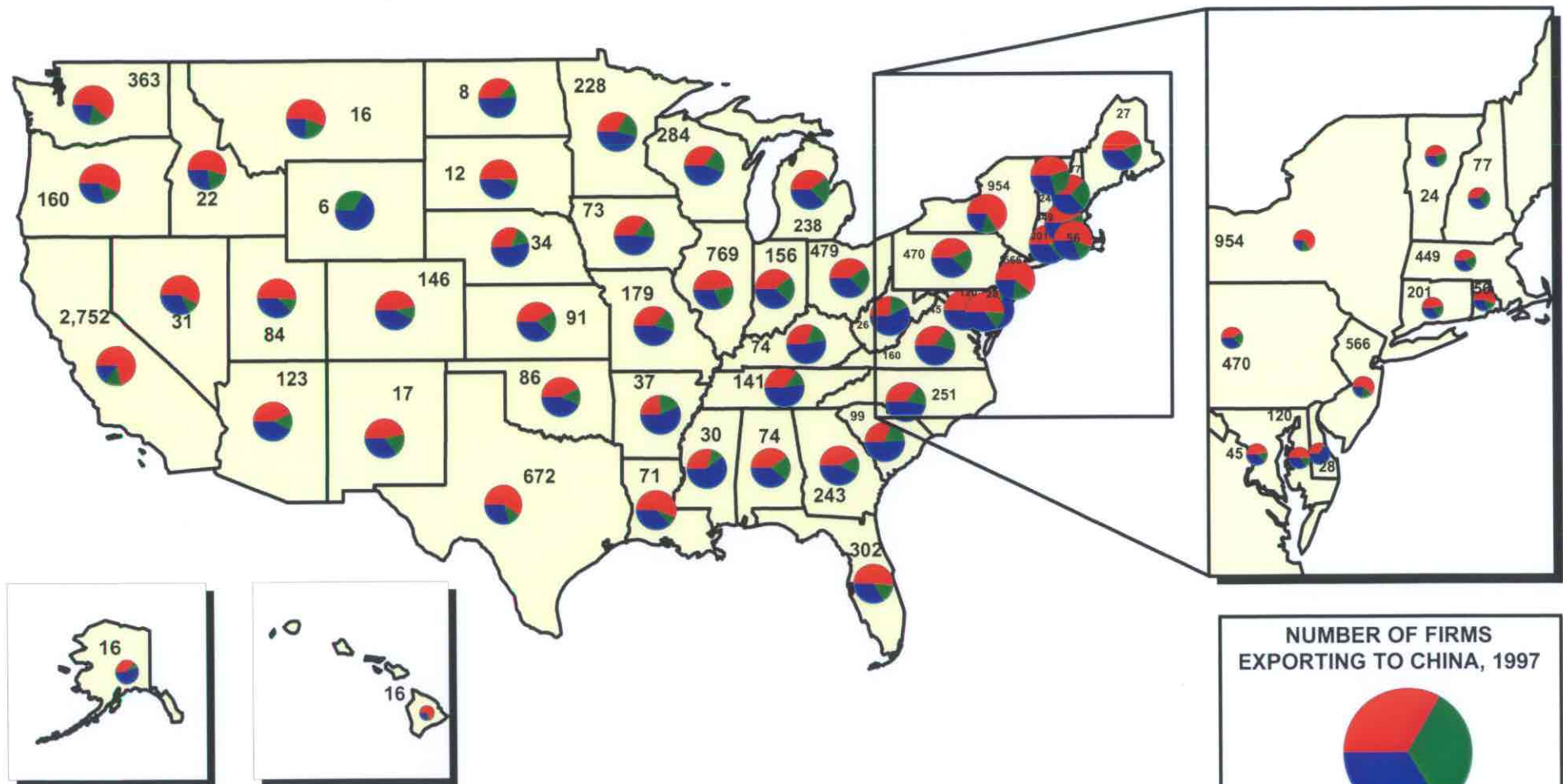
*Note: Firms often export to more than one market. As a result, exporter counts for individual markets cannot be summed to arrive at meaningful totals.*

*Definitions: small = less than 100 employees; medium = 100-499 employees*

*Source: 1997 Exporter Data Base, U.S. Department of Commerce and Small Business Administration*

# IN FORTY STATES, OVER HALF THE FIRMS EXPORTING GOODS TO CHINA ARE SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)

Number of Firms Exporting Merchandise to China by State, 1997



Notes: Each state is labeled with the total number of firms exporting to China from that state in 1997. Of the 9,280 U.S. firms that exported goods to China in 1997, a total of 7,564 (82%) were SMEs. Small enterprises have less than 100 employees, medium-sized enterprises have 100-499 employees, and large enterprises have 500 or more employees.  
 Source: 1997 Exporter Data Bases, U.S. Department of Commerce.  
 Prepared by: Office of Trade & Economic Analysis, International Trade Administration, U.S. Department of Commerce.

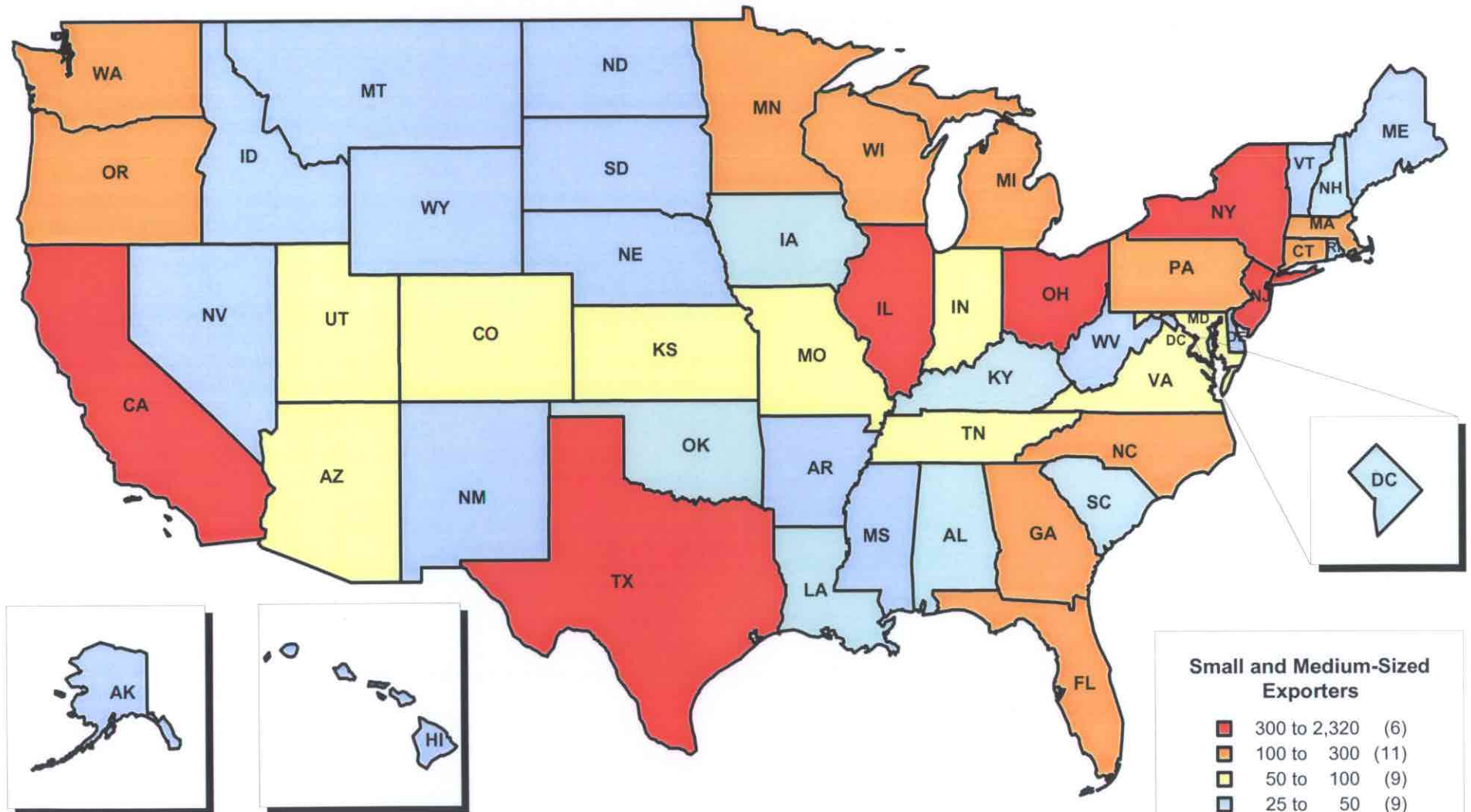
NUMBER OF FIRMS EXPORTING TO CHINA, 1997



■ SMALL  
 ■ MEDIUM  
 ■ LARGE

# SEVENTEEN STATES HAD OVER ONE HUNDRED SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs) THAT EXPORTED TO CHINA IN 1997

Number of SME Companies Exporting Merchandise to China by State, 1997



Note: Small and medium-sized enterprises (SMEs) have fewer than 500 employees. Of the 9,280 U.S. firms that exported goods to China in 1997, a total of 7,564 (82%) were SMEs.

Source: 1997 Exporter Data Base, U.S. Department of Commerce.

Prepared by: Office of Trade & Economic Analysis, International Trade Administration, U.S. Department of Commerce.



# NUMBER OF FIRMS EXPORTING TO CHINA, BY STATE 1997

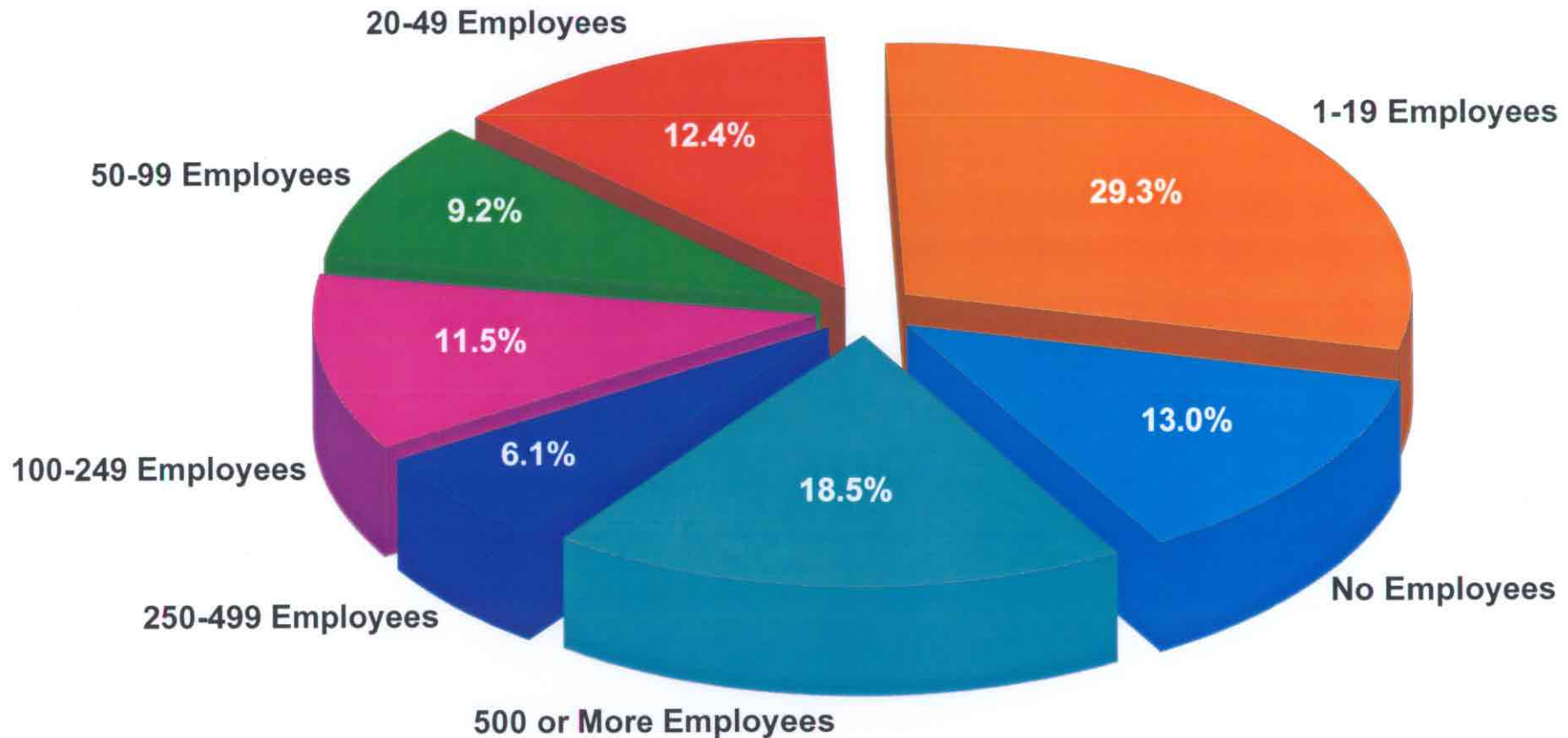
	NUMBER OF FIRMS EXPORTING TO CHINA		% SMEs*
	Total	SMEs*	
ALABAMA	74	45	60.8%
ALASKA	16	7	43.8%
ARIZONA	123	71	57.7%
ARKANSAS	37	16	43.2%
CALIFORNIA	2752	2320	84.3%
COLORADO	146	85	58.2%
CONNECTICUT	201	129	64.2%
DELAWARE	28	10	35.7%
DISTRICT OF COLUMBIA	45	28	62.2%
FLORIDA	302	201	66.6%
GEORGIA	243	141	58.0%
HAWAII	16	12	75.0%
IDAHO	22	16	72.7%
ILLINOIS	769	522	67.9%
INDIANA	156	96	61.5%
IOWA	73	38	52.1%
KANSAS	91	56	61.5%
KENTUCKY	74	35	47.3%
LOUISIANA	71	45	63.4%
MAINE	27	17	63.0%
MARYLAND	120	78	65.0%
MASSACHUSETTS	449	293	65.3%
MICHIGAN	238	149	62.6%
MINNESOTA	228	125	54.8%
MISSISSIPPI	30	12	40.0%
MISSOURI	179	98	54.7%
MONTANA	16	12	75.0%
NEBRASKA	34	16	47.1%
NEVADA	31	21	67.7%
NEW HAMPSHIRE	77	49	63.6%
NEW JERSEY	566	437	77.2%
NEW MEXICO	17	11	64.7%
NEW YORK	954	757	79.4%
NORTH CAROLINA	251	132	52.6%
NORTH DAKOTA	8	4	50.0%
OHIO	479	301	62.8%
OKLAHOMA	86	49	57.0%
OREGON	160	113	70.6%
PENNSYLVANIA	470	295	62.8%
RHODE ISLAND	56	39	69.6%
SOUTH CAROLINA	99	49	49.5%
SOUTH DAKOTA	12	7	58.3%
TENNESSEE	141	68	48.2%
TEXAS	672	474	70.5%
UTAH	84	52	61.9%
VERMONT	24	17	70.8%
VIRGINIA	160	86	53.8%
WASHINGTON	363	284	78.2%
WEST VIRGINIA	26	11	42.3%
WISCONSIN	284	159	56.0%
WYOMING	6	2	33.3%
PUERTO RICO	22	6	27.3%
VIRGIN ISLANDS	0	0	—
UNKNOWN	987	672	68.1%

\*Small and Medium-Sized Enterprises (SMEs) have fewer than 500 employees.

Note: Of the 9,280 U.S. firms that exported goods to China in 1997, a total of 7,564 (82%) were SMEs. Since firms often export from multiple state locations, exporter totals for individual states cannot be summed to the national total.

# OVER 80 PERCENT OF ALL U.S. FIRMS THAT EXPORTED TO CHINA IN 1997 WERE SMALL OR MEDIUM-SIZED

Firms that Exported to China in 1997 with:



**9,280 U.S. Companies Exported Goods to China in 1997**

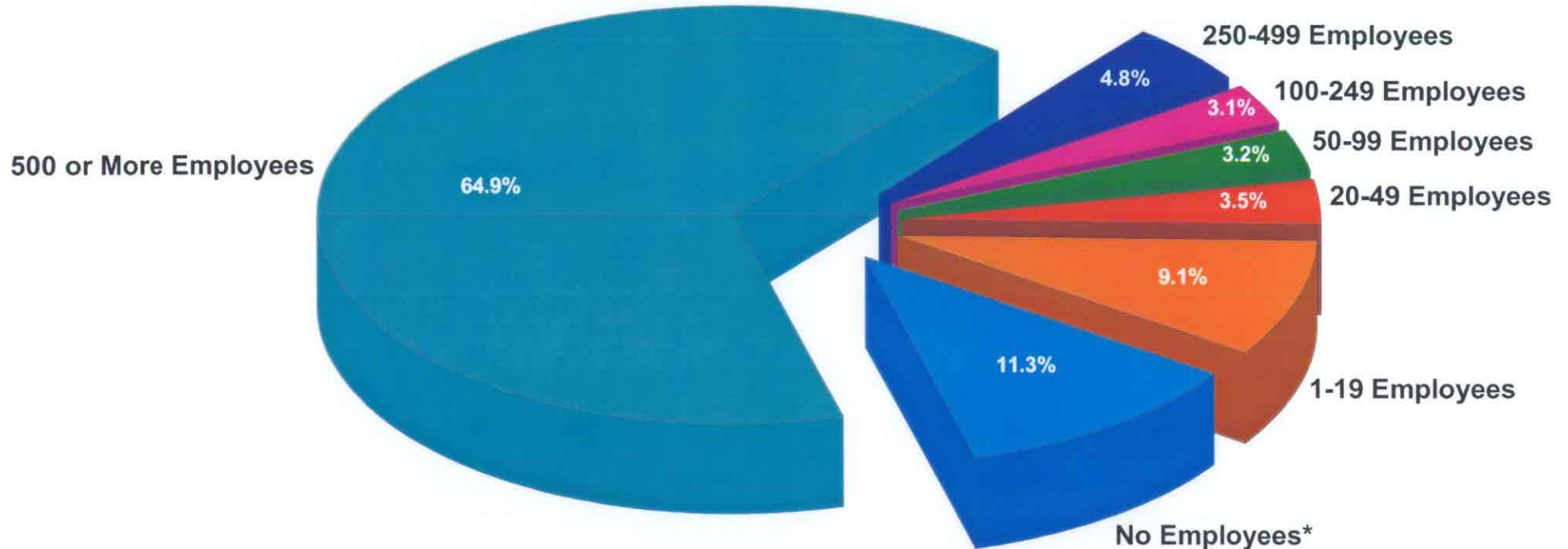
*Definitions: small = less than 100 employees; medium = 100-499 employees; large = 500 or more employees*

*Source: 1997 Exporter Data Base, U.S. Department of Commerce*



# SMALL AND MEDIUM-SIZED FIRMS GENERATED OVER ONE-THIRD OF U.S. EXPORTS TO CHINA IN 1997

Share of 1997 U.S. Exports to China by Companies with:



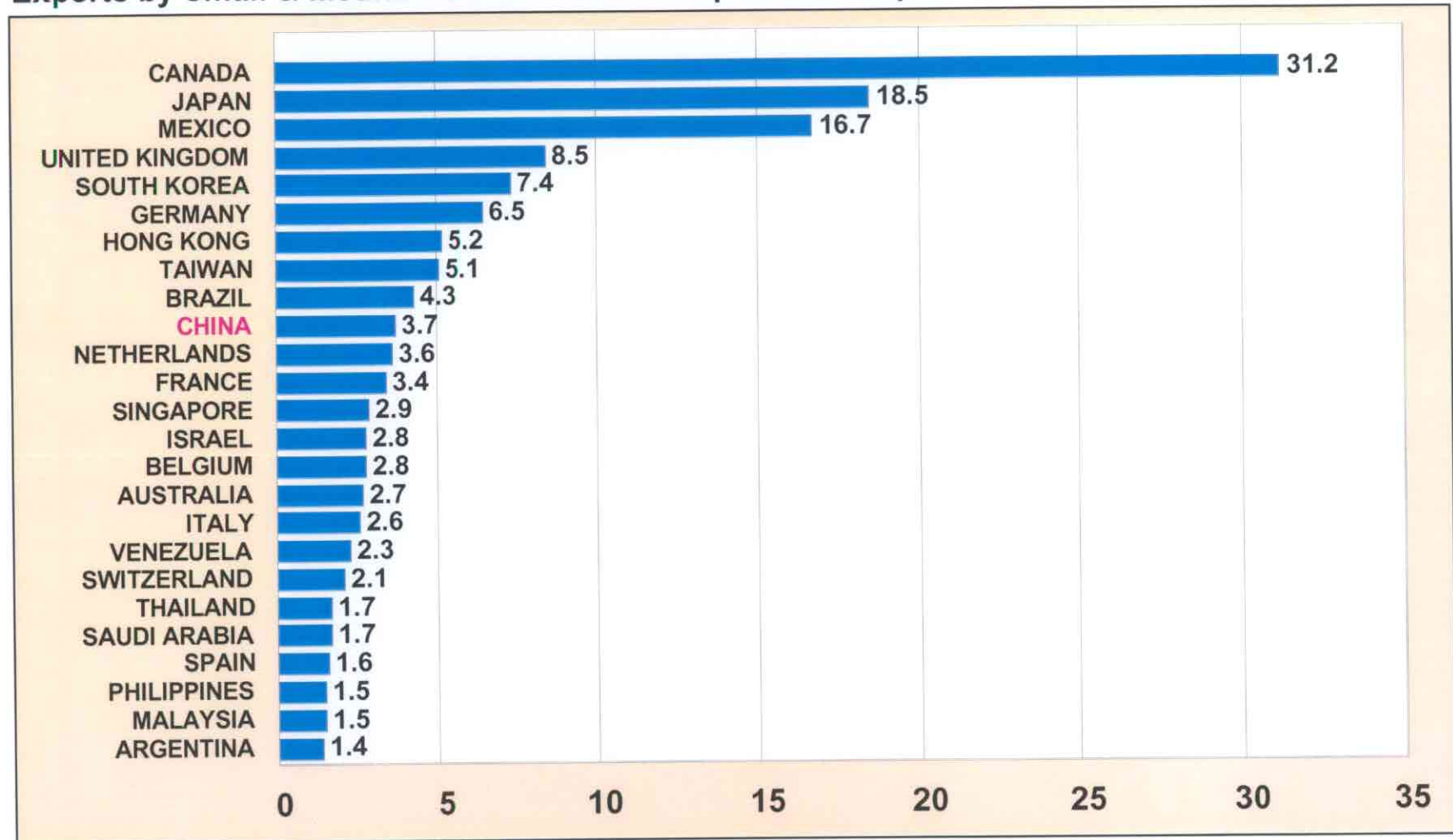
\* Sole proprietorships, start-ups, firms that rely exclusively on temporary help, and other firms which had no employees during Census reporting periods.

Definitions: small = less than 100 employees; medium = 100-499 employees; large = 500 or more employees

Source: 1997 Exporter Data Base, U.S. Department of Commerce

# CHINA WAS THE TENTH LARGEST FOREIGN MARKET FOR SMALL AND MEDIUM-SIZED COMPANIES IN 1997

Exports by Small & Medium-Sized Firms To Top 25 U.S. Export Markets, 1997; \$ Billions \*



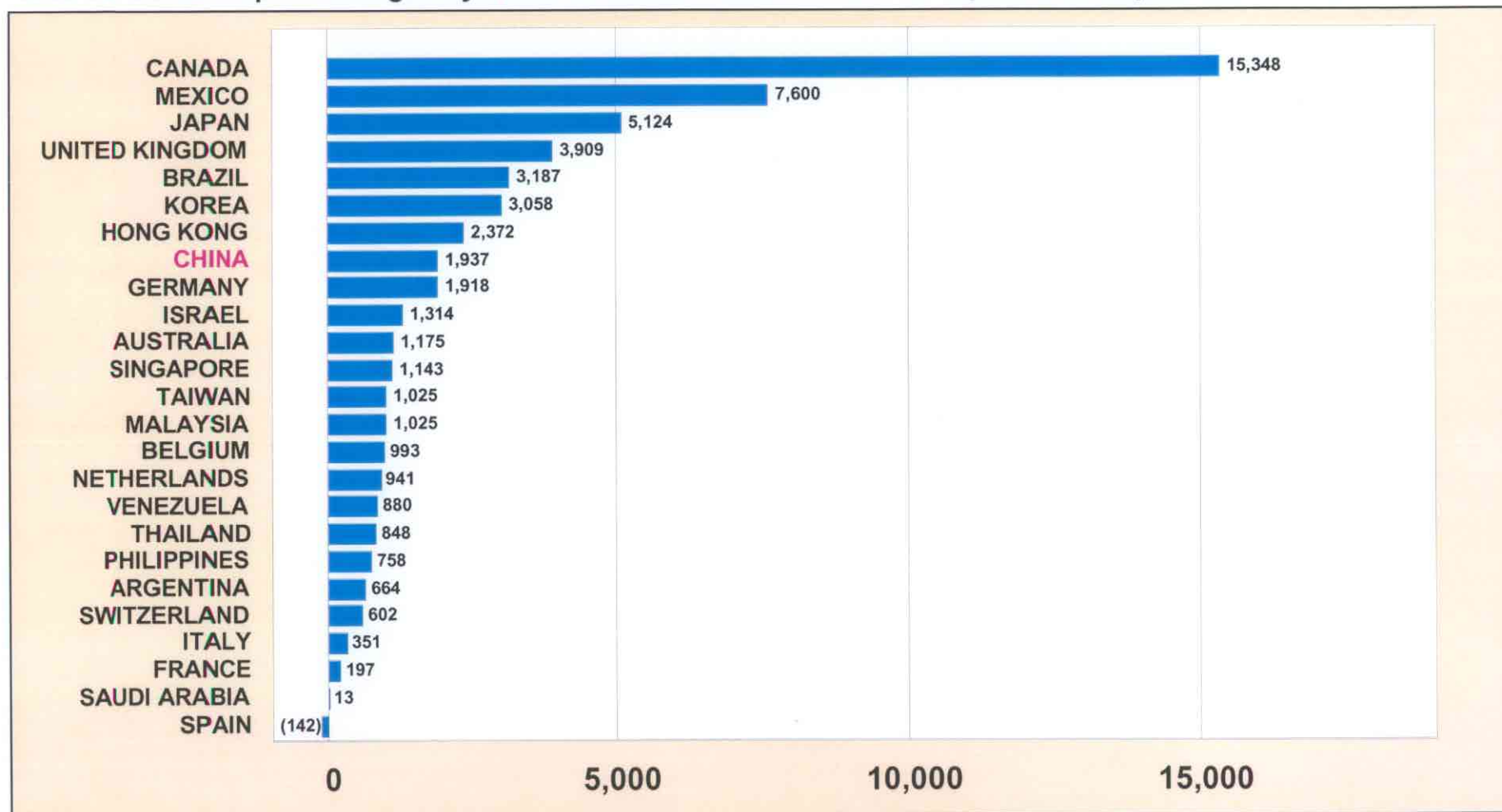
\* Includes only identifiable or "known" exports--i.e., 1997 exports that can be linked to individual companies utilizing information on U.S. export declarations.

Definitions: small = less than 100 employees; medium = 100-499 employees

Source: 1997 Exporter Data Base, U.S. Department of Commerce

# CHINA ACCOUNTED FOR THE EIGHTH BIGGEST DOLLAR GAIN IN SME EXPORTS FROM 1992 TO 1997

1992-97 Dollar Export Changes by Small & Medium-Sized Firms To Top 25 U.S. Export Markets; \$ Millions \*

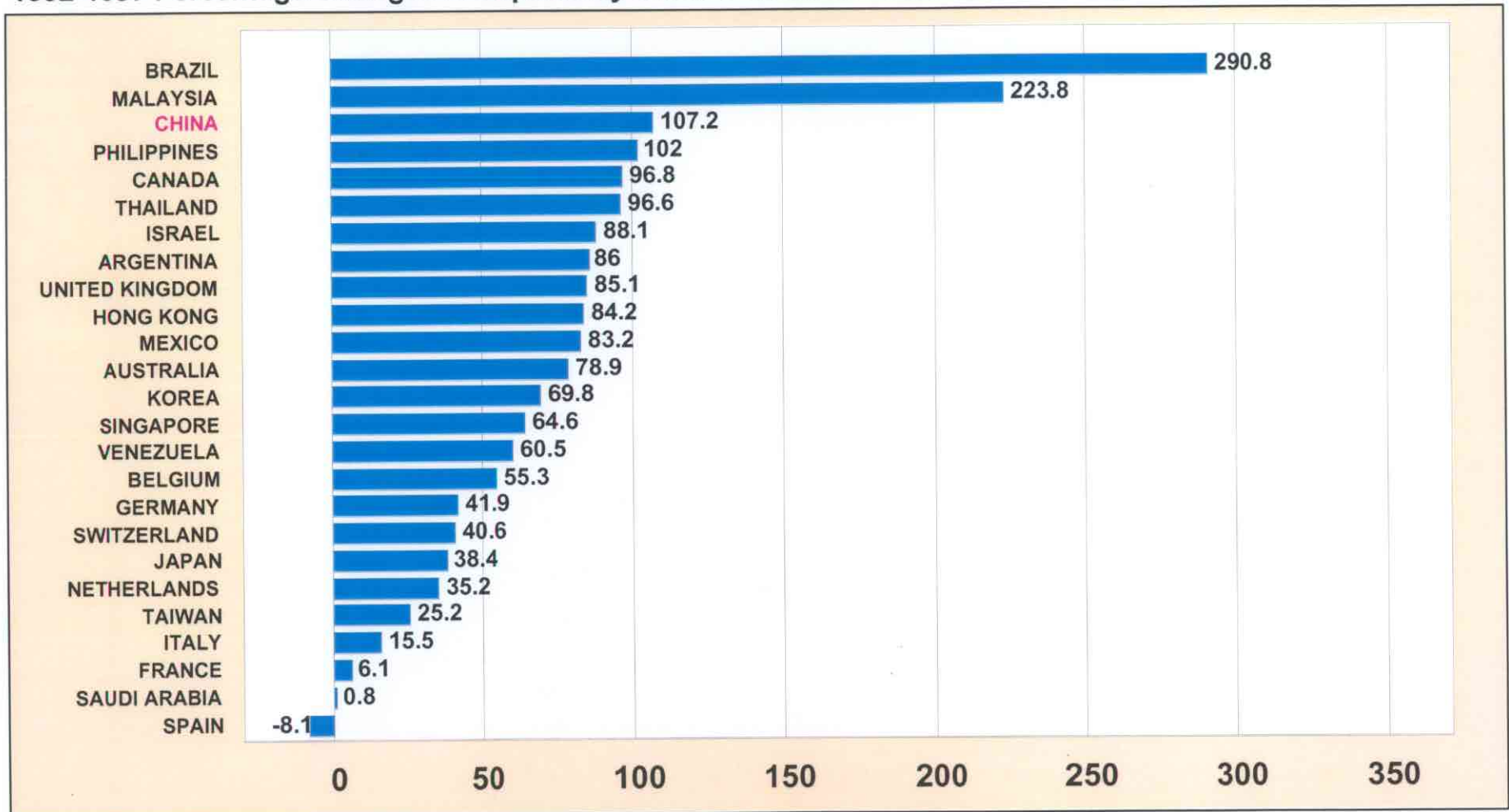


\* Includes only identifiable or "known" exports--i.e., 1992 and 1997 exports that can be linked to individual companies utilizing information on U.S. export declarations. Small and Medium-Sized Enterprises (SMEs) are firms with less than 500 employees.  
Source: 1992 & 1997 Exporter Data Base, U.S. Department of Commerce and Small Business Administration



# THE FASTEST-GROWING MARKETS FOR SMALL AND MEDIUM-SIZED EXPORTERS ARE BRAZIL, MALAYSIA, AND CHINA

1992-1997 Percentage Changes in Exports by Small & Medium-Sized Firms To Top 25 U.S. Export Markets\*



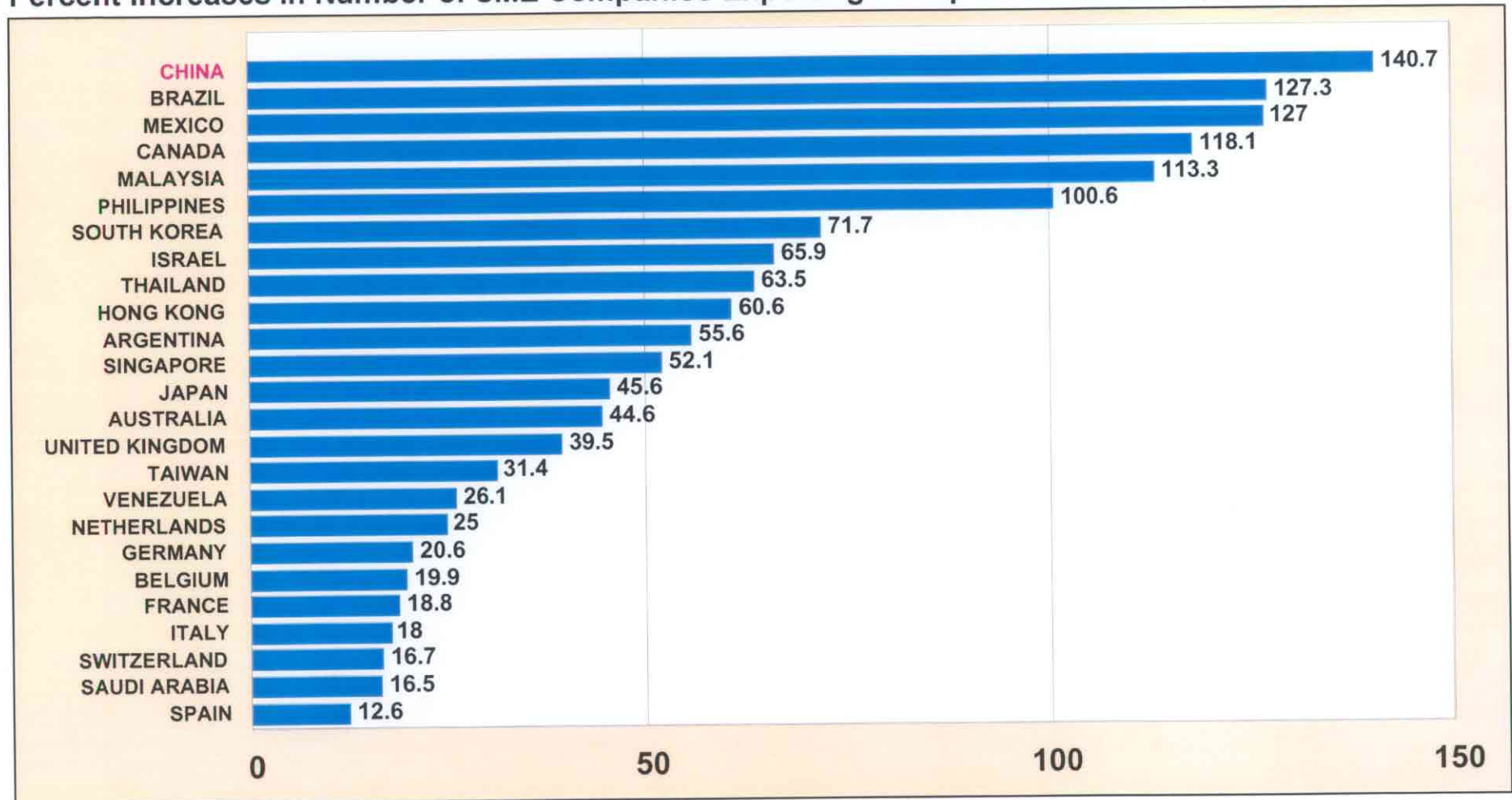
\* Includes only identifiable or "known" exports--i.e., 1992 and 1997 exports that can be linked to individual companies utilizing information on U.S. export declarations.

Definitions: small = less than 100 employees; medium = 100-499 employees

Source: 1992 & 1997 Exporter Data Base, U.S. Department of Commerce and Small Business Administration

# THE NUMBER OF SMEs EXPORTING TO CHINA HAS BEEN GROWING RAPIDLY

Percent Increases in Number of SME Companies Exporting to Top 25 U.S. Markets, 1992-97\*

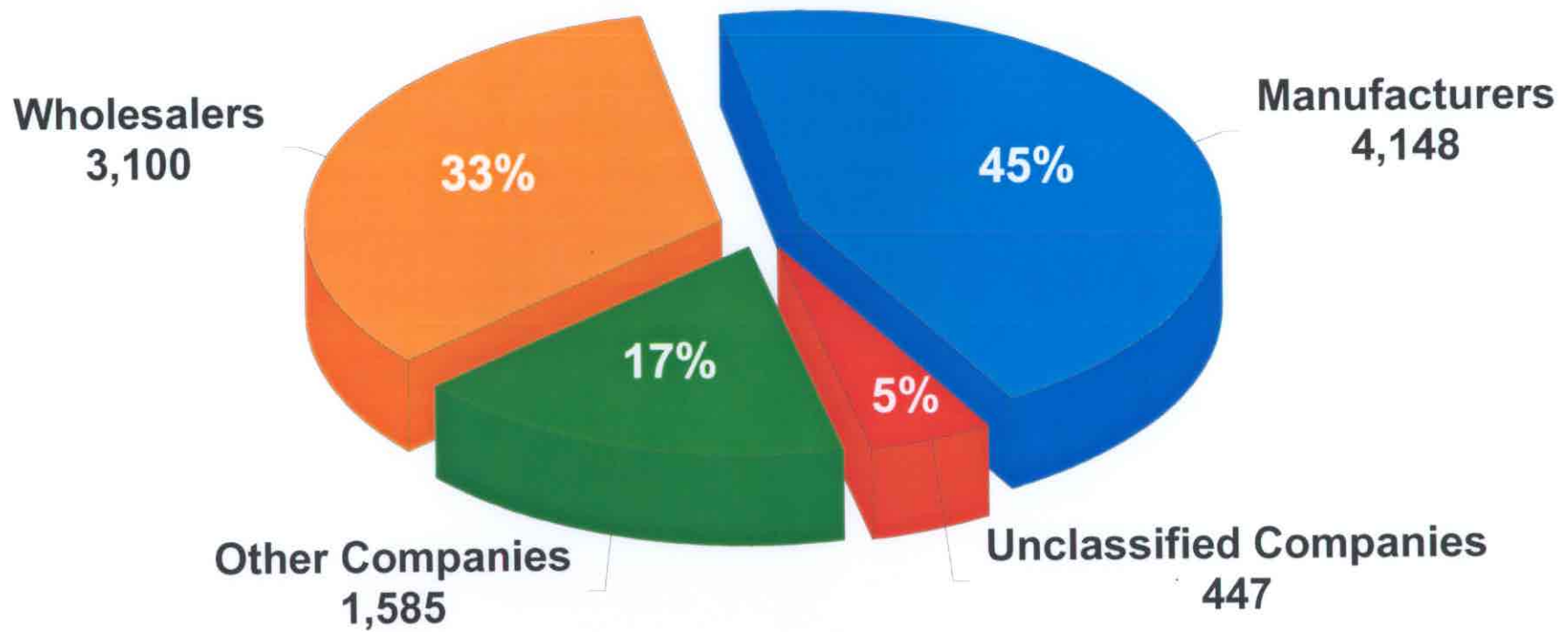


\* Firms often export to more than one market. As a result, exporter counts for individual markets cannot be summed to arrive at meaningful totals. SMEs (small and medium-sized enterprises) are firms with fewer than 500 employees.

Source: 1992 & 1997 Exporter Data Base, U.S. Department of Commerce and Small Business Administration

# NEARLY HALF OF ALL EXPORTERS TO CHINA ARE MANUFACTURERS

Industry Distribution of Firms Exporting to China, 1997



9,280 Firms Exported to China in 1997

Source: 1997 Exporter Data Base, U.S. Department of Commerce

Prepared by: Office of Trade and Economic Analysis, International Trade Administration, U.S. Department of Commerce



# WHAT IS THE EXPORTER DATA BASE (EDB)?

- Links Info on Export Declarations to Census Databases on U.S. Firms.
- Provides Reliable Way to Profile U.S. Exporters.
- Furnishes Number of Exporters, Exporter Locations and Characteristics.
- Complete Data for '97.
- '98 Update Underway.



## EXPORTER DATA BASE: TECHNICAL NOTES

- **All statistics in this report are from the Commerce Department's Exporter Data Base (EDB), which provides an annual statistical profile of U.S. exporting companies--including their number, size, industry composition, and geographic distribution.** The EDB is a joint project of the Census Bureau and International Trade Administration (ITA).
- **Latest available data from the EDB are currently for 1997.** Statistics for 1998 will be available sometime during first-half 2000, and will initially be available from the Census Bureau.
- **Statistical tables from the 1997 and 1996 EDB can be obtained directly from the Census Bureau for a fee of \$25.00.** For more information, see the Census Bureau's Internet site at <http://www.census.gov/foreign-trade> or call 301-457-2242.
- **The Exporter Data Base is comprised of all enterprises that could be identified from Shippers' Export Declarations (SEDs)** that were filed, per U.S. regulations, for merchandise exiting the country. To identify exporters from SEDs, the Census Bureau used Employer Identification Numbers (EINs) and other SED information to link these documents to the Bureau's Business Register (which contains information on company characteristics and locations).
- **All EDB statistics on exporters refer to companies, not establishments.** Companies are legal entities which consist of one or more commercial establishments. Establishments are individual business units, or locations, where economic activity takes place. Establishments include, for example, factories, warehouses, and retailing facilities. The terms "company", "enterprise", and "firm" are used interchangeably in this report. Also, the EDB includes both U.S.-domiciled companies and U.S. affiliates of foreign firms that export goods from the United States.
- **The linkage process outlined above yielded a 1997 Exporter Data Base consisting of 209,455 exporting firms, accounting for 82 percent of measurable merchandise export value.** Export documents accounting for 18 percent of export value could not be linked to the companies that filed the forms due to a variety of factors--e.g., misreporting by firms, errors in collection and processing, and coverage problems.
- **Because of the inability to link all SEDs to the firms which filed the documents, the EDB may slightly understate the total number of exporters--especially as regards small companies with only a few export transactions.** Nevertheless, the EDB likely captures almost all significant exporters. This is because only one valid export declaration is needed to link an exporter to Census data bases. If a company submits 1,000 export declarations and all but one are invalid, the company is still captured by the EDB.
- **Due to improvements in methodology and data collection, the 1997 match rate of 82 percent (by value) was 4 percentage points higher than the 1992 match rate of 78 percent.** As a result, changes in the number of exporters over the 1992-97 period should be interpreted with some caution. Some portion of the increase in the exporter population was undoubtedly



the by-product of measurement enhancements--however, the extent of the effect is unknown. Whatever the impact, overall trends documented by the EDB are fully corroborated by a large body of anecdotal evidence reported in the media and by an upsurge in U.S. companies seeking assistance from government export promotion agencies.

- **EDB data on individual firms--including company names and addresses--are not available to the public due to federal regulations which prohibit public release of confidential business information provided to the U.S. Government.** All data in this report, as well as in EDB statistical tables available from Census, are in anonymous form. All numbers have been aggregated to a level where individual firms cannot be identified. For data users who desire exporter names and addresses, a number of commercial data base alternatives are available.
- **The EDB only captures companies that have at least one export shipment during the year valued at \$2,501 or more.** Also, the EDB tracks only exporters of merchandise--i.e., goods. Firms that export services only are excluded. However, service companies (wholesalers, retailers, engineering and architectural firms, etc.) that also export goods are included.
- **All businesses included in the EDB are *direct* exporters--i.e., entities that ship merchandise from their factories (or other facilities which they own) to a foreign destination.** Excluded from the EDB are so-called "indirect" exporters whose export role is limited to (1) providing components or other inputs to businesses engaged in export production and marketing, or (2) supplying goods to independent intermediaries which, in turn, market the products internationally.
- **Companies in this report are classified according to employment size ranges.** There are no universally accepted guidelines for classifying companies by size. Classification criteria tend to vary with analytical purpose and organizational mission. For the purposes of this report, small firms are defined as those with fewer than 100 employees (very small firms are those with less than 20 employees). Medium-sized firms employ from 100 to 499 workers. Large firms are those with 500 or more employees.
- **Companies in this report are divided into three categories--manufacturers, wholesalers, and "other companies."** Company type for single-location companies is based on the Standard Industrial Classification (SIC) system, and company type for multiple location firms is based on the closely-related Enterprise Industrial Classification (EIC) system. Manufacturers are firms that fall into SIC/EIC classifications 20 to 39. Wholesalers fall into classifications 50 and 51, as do brokers, agents, and similar entities which are primarily engaged in the distribution of goods to businesses. The term "other companies" embraces all remaining SIC/EIC categories. Included here are resource extraction companies, retailers, freight forwarders, engineering firms, and miscellaneous service companies which often market goods abroad and act as exporters of record. Firms for which a valid SIC/EIC was not available are labeled "unclassified companies."
- **Export product categories referenced in this report are on a SIC basis.** For information on the types of products contained in individual SIC categories, consult OSHA's Internet site at [www.osha.gov/oshstats/sicser.html](http://www.osha.gov/oshstats/sicser.html).



- **Many companies export products that fall into more than one SIC category.** It follows that such companies can be represented multiple times in tables and graphs that profile exporters by type of product exported. This means that one cannot simply sum up exporters in various product categories to arrive at totals.
- **Any EDB statistics in this report that profile exporters at the state or local levels were compiled on an Exporter Location (EL) basis.** Tabulations on an EL basis assign exporters to sub-national jurisdictions based on the zip code location of the "exporter of record" as specified on export declarations. The exporter of record is the party principally responsible for effecting export from the United States.
- **The exporter's zip code location is very often the point of sale, or marketing location.** In some circumstances, the exporter's location may also reflect the location of the company's home office ("headquarters effect") or the location where export paperwork was performed. While this introduces some uncertainty into interpretation of the data, it merits attention that 85.5 percent of all 1997 exporters, and 88.2 percent of small and medium-sized exporters, were single-unit companies. Thus, for the vast majority of exporters all corporate functions are typically conducted at the same site.
- **Conclusions about export-related production or employment in a state, metro area, or zip code should not be made solely on the basis of data in this report.** While the locations of production, marketing, and export paperwork processing *often* coincide, they do not *always* coincide. This is especially true for non-manufacturing companies, which were responsible for 32.1 percent of U.S. goods exports in 1997. Single-unit wholesalers, for example, may perform export marketing and paperwork at one site but obtain export products from unaffiliated manufacturers located elsewhere. In the case of multi-unit exporters (manufacturers and non-manufacturers alike), production and sales activities are often separated geographically. Multi-unit firms, while in the minority among exporters, nevertheless generate about 80 percent of total U.S. merchandise export value.
- **Exporter counts shown for states, metropolitan areas, or zip codes cannot be summed to arrive at national or regional totals.** To do so often results in double-counting, because some exporting companies--especially large multi-establishment firms--frequently export from multiple locations.
- **Any statistics in this report regarding the number of employees in exporting companies refer to the total number of workers, not just workers whose jobs are supported by exports.** "Employment" also refers to part-time as well as full-time workers on a firm's payroll during Census Bureau reporting periods.
- **All export value data in this report are on an f.a.s (free alongside ship) basis and include both domestic exports and re-exports of foreign merchandise.**
- **Statistics in graphs and text have been rounded to enhance readability.** For this reason, details may sometimes not add exactly to totals.